



THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

The Honorable John S. McCain  
Chairman, Committee on Armed Services  
United States Senate  
Washington, DC 20510-6050

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the sixth quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through April 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering		(b) (4), (b) (5)	
Construction			
Change Orders			
GFE <sup>(3)(4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00103 (June 5, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015.  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HM&E, and Ordnance)  
(4) Includes Phase II Costs

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply

On June 5, 2015, the Navy awarded Huntington Ingalls, Inc., two significant contract actions: (1) a \$941.1 million modification to the previously awarded Construction Preparation (CP) contract for labor to complete CVN 79 component and steel fabrication, selected construction unit assemblies, and all remaining direct material; and (2) a new \$3,352.6 million fixed-price-incentive-firm target contract for all remaining Detail Design and Construction (DD&C) efforts. The profit structure included in both the CVN 79 CP contract and the CVN 79 DD&C contract includes conditions more favorable to the Government than in any previous aircraft carrier construction contract. For work completed to date on the CP contract, ship construction performance remains strong, demonstrating a level of efficiency consistent with that needed to complete the ship within the cost cap.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense (OSD) Cost Assessment Program Evaluation (CAPE)'s independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen Rogers, Thornberry, and Cochran. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Jack Reed  
Ranking Member

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015 June 12 Ref ID: A-BFD7678

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply



THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

The Honorable William M. "Mac" Thornberry  
Chairman, Committee on Armed Services  
House of Representatives  
Washington, DC 20515-6035

JUL 24 2015

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the sixth quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through April 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering	(b) (4), (b) (5)		
Construction			
Change Orders			
GFE <sup>(3) (4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00103 (June 5, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015.  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HM&E, and Ordnance)  
(4) Includes Phase II Costs

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply



On June 5, 2015, the Navy awarded Huntington Ingalls, Inc., two significant contract actions: (1) a \$941.1 million modification to the previously awarded Construction Preparation (CP) contract for labor to complete CVN 79 component and steel fabrication, selected construction unit assemblies, and all remaining direct material; and (2) a new \$3,352.6 million fixed-price-incentive-firm target contract for all remaining Detail Design and Construction (DD&C) efforts. The profit structure included in both the CVN 79 CP contract and the CVN 79 DD&C contract includes conditions more favorable to the Government than in any previous aircraft carrier construction contract. For work completed to date on the CP contract, ship construction performance remains strong, demonstrating a level of efficiency consistent with that needed to complete the ship within the cost cap.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense (OSD) Cost Assessment Program Evaluation (CAPE)'s independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen Rogers, McCain, and Cochran. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Adam Smith  
Ranking Member

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015 June 12 Ref ID: A-BFD7678

**FOR OFFICIAL USE ONLY**

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply



THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the sixth quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through April 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering		(b) (4), (b) (5)	
Construction			
Change Orders			
GFE <sup>(3) (4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00103 (June 5, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015.  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HM&E, and Ordnance)  
(4) Includes Phase II Costs

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply

On June 5, 2015, the Navy awarded Huntington Ingalls, Inc., two significant contract actions: (1) a \$941.1 million modification to the previously awarded Construction Preparation (CP) contract for labor to complete CVN 79 component and steel fabrication, selected construction unit assemblies, and all remaining direct material; and (2) a new \$3,352.6 million fixed-price-incentive-firm target contract for all remaining Detail Design and Construction (DD&C) efforts. The profit structure included in both the CVN 79 CP contract and the CVN 79 DD&C contract includes conditions more favorable to the Government than in any previous aircraft carrier construction contract. For work completed to date on the CP contract, ship construction performance remains strong, demonstrating a level of efficiency consistent with that needed to complete the ship within the cost cap.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense (OSD) Cost Assessment Program Evaluation (CAPE)'s independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen Rogers, Thornberry, and McCain. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Barbara A. Mikulski  
Vice Chairwoman

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015 June 12 Ref ID: A-BFD7678

~~FOR OFFICIAL USE ONLY~~

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply





THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

The Honorable Harold Rogers  
Chairman, Committee on Appropriations  
House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the sixth quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through April 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering	(b) (4), (b) (5)		
Construction			
Change Orders			
GFE <sup>(3)(4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00103 (June 5, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015.  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HMI&E, and Ordnance)  
(4) Includes Phase II Costs

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply

On June 5, 2015, the Navy awarded Huntington Ingalls, Inc., two significant contract actions: (1) a \$941.1 million modification to the previously awarded Construction Preparation (CP) contract for labor to complete CVN 79 component and steel fabrication, selected construction unit assemblies, and all remaining direct material; and (2) a new \$3,352.6 million fixed-price-incentive-firm target contract for all remaining Detail Design and Construction (DD&C) efforts. The profit structure included in both the CVN 79 CP contract and the CVN 79 DD&C contract includes conditions more favorable to the Government than in any previous aircraft carrier construction contract. For work completed to date on the CP contract, ship construction performance remains strong, demonstrating a level of efficiency consistent with that needed to complete the ship within the cost cap.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense (OSD) Cost Assessment Program Evaluation (CAPE)'s independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen McCain, Thornberry, and Cochran. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Nita M. Lowey  
Ranking Member

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015 June 12 Ref ID: A-BFD7878

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.  
Exemptions 4 and 5 Apply





THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

OCT 20 2015

The Honorable Harold Rogers  
Chairman, Committee on Appropriations  
House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the seventh quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through July 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering	(b) (4), (b) (5)		
Construction			
Change Orders			
GFE <sup>(3)</sup> (4)			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

- Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00106 (July 30, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015, including all modifications through P00004 (September 1, 2015).  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, IIM&E, and Ordnance).  
(4) Includes Phase II Costs.

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense Cost Assessment Program Evaluation's independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen McCain, Thornberry, and Cochran. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Nita M. Lowey  
Ranking Member

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015Sep18 RefID: 1-A472C94

**FOR OFFICIAL USE ONLY**

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.



THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

OCT 20 2015

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the seventh quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through July 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering	(b) (4), (b) (5)		
Construction			
Change Orders			
GFE <sup>(3)(4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

- Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00106 (July 30, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015, including all modifications through P00004 (September 1, 2015).  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HM&E, and Ordnance).  
(4) Includes Phase II Costs.

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.



Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense Cost Assessment Program Evaluation's independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen Rogers, Thornberry, and McCain. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Barbara A. Mikulski  
Vice Chairwoman

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015Sep18 RefID: 1-A472C94

~~FOR OFFICIAL USE ONLY~~

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.



THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

OCT 20 2015

The Honorable William M. "Mac Thornberry  
Chairman, Committee on Armed Services  
House of Representatives  
Washington, DC 20515-6035

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the seventh quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through July 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering	(b) (4), (b) (5)		
Construction			
Change Orders			
GFE <sup>(3) (4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

- Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00106 (July 30, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015, including all modifications through P00004 (September 1, 2015).  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HM&E, and Ordnance).  
(4) Includes Phase II Costs.

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense Cost Assessment Program Evaluation's independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen Rogers, McCain, and Cochran. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Adam Smith  
Ranking Member

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015Sep18 RefID: 1-A472C94

~~FOR OFFICIAL USE ONLY~~

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.





THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

OCT 20 2015

The Honorable John S. McCain  
Chairman, Committee on Armed Services  
United States Senate  
Washington, DC 20510-6050

Dear Mr. Chairman:

As required by Section 121 of the Fiscal Year (FY) 2014 National Defense Authorization Act (NDAA), this provides the seventh quarterly report on the Program Manager's estimated procurement cost of the aircraft carrier *John F. Kennedy* (CVN 79). Estimates in this report are based on shipbuilder cost performance data through July 26, 2015.

The Program Manager's estimated cost for CVN 79 is summarized in Table 1. Also shown for reference is the CVN 79 end cost provided in the FY 2016 President's Budget (PB) request and the Congressional cost cap originally established in Section 122 of the FY 2007 NDAA and revised in Section 121 of the FY 2014 NDAA.

Table 1  
PROGRAM MANAGER'S ESTIMATE OF PROCUREMENT COSTS  
AIRCRAFT CARRIER *John F. Kennedy* (CVN 79)

(\$ in millions)	Costs Incurred to Date	Estimated Costs to Go	Total Estimate
Engineering	(b) (4), (b) (5)		
Construction			
Change Orders			
GFE <sup>(3)(4)</sup>			
Support / Other <sup>(4)</sup>			
Total (% total ship)			
CVN 79 FY 2016 President's Budget Request (FY 2015 full funding request less FY 2015 Appropriation Mark and Department reduction)			\$11,348
Cost Cap (CVN 78 Class Follow Ship, FY 2013 procurement)			\$11,498

- Notes: (1) "CP" is Construction Preparation Contract (N00024-09-C-2116), awarded January 15, 2009, including all modifications through P00106 (July 30, 2015).  
(2) "DD&C" is Detail Design and Construction Contract (N00024-15-C-2114), awarded June 5, 2015, including all modifications through P00004 (September 1, 2015).  
(3) "GFE" is Government Furnished Equipment (Propulsion Plant, Electronics, HM&E, and Ordnance).  
(4) Includes Phase II Costs.

FOR OFFICIAL USE ONLY

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.

Stability in our requirements, design, schedule, and budget, are essential to controlling and improving CVN 79 cost, and therefore is of highest priority for the program. Accordingly, the Chief of Naval Operations and I have implemented an oversight board to ensure tight control over each of these program attributes. We are, in fact, targeting cost improvement below the current cost estimate. In the interim, the PB 2016 request, as adjusted by Congressional and Department action to PB 2015, resulted in funding for CVN 79 below the Program Manager's Estimate at Completion and the Office of the Secretary of Defense Cost Assessment Program Evaluation's independent cost estimate. We are not, at this time, taking action to remove capability to reduce the estimated completion cost. Such an action would introduce undesirable change to a stable design, likely resulting in disruption and unnecessary cost, contrary to the Department's and Congress' overarching objective to control cost on this program. Accordingly, we will continue to pursue ongoing cost reduction initiatives and keep Congress advised of our progress.

A copy of this letter is also being provided to Chairmen Rogers, Thornberry, and Cochran. Please let me know if I can be of further assistance.

Sincerely,



Sean J. Stackley

Copy to:  
The Honorable Jack Reed  
Ranking Member

The estimated cost of report or study for the  
Department of Defense is approximately \$1,420 for  
the 2015 Fiscal Year.  
Generated on 2015Sep18 RefID: 1-A472C94

~~FOR OFFICIAL USE ONLY~~

This document contains information EXEMPT FROM PUBLIC DISCLOSURE under FOIA.